92 14 1161
0 63226
Q 34737

J
92-2252

FORM 10-Q

RECD S E C
MAY 1 3 1992
146

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

PROCESSED BY
14-3 R
MAY 14 1992

For the transition period from _____ to _____

Commission file number 0-5127

Microfilmed by
IQ-Data Corp. - St. Petersburg, FL

MERCANTILE BANKSHARES CORPORATION
(Exact name of registrant as specified in its charter)

L39

Maryland	52-0898572
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2 Hopkins Plaza, Baltimore, Maryland 21201
(Address of principal executive offices) (Zip Code)

(410) 237-5900
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X . No _____.

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

As of April 30, 1992, registrant had outstanding 30,337,606 shares of Common Stock.

BEST COPY
AVAILABLE

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

(a) Published Financial Statements, as required by Rule 10-01 of Regulation S-X, are set forth on pages 4 thru 7 of Exhibit 20, attached hereto and incorporated herein.

Note - Commitments:

Various commitments to extend credit (lines of credit) are made in the normal course of banking business. At March 31, 1992, total unused lines of credit approximated $1,322,224,200. In addition, letters of credit are issued for the benefit of customers by affiliated banks. Outstanding letters of credit were $91,664,100 at March 31, 1992.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(a) Management's Discussion and Analysis of Financial Condition and Results of Operations as required by Item 303 of Regulation S-K is included on page 8 of Exhibit 20, attached hereto and incorporated herein.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits -
Exhibit 20 - Financial Information. See Part I

(b) No forms 8-K filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MERCANTILE BANKSHARES CORPORATION

BY _____
H. Furlong Baldwin
Chairman of the Board

BY _____
Charles C. McGuire, Jr.
Sr. Vice President and Treasurer

MERCANTILE BANKSHARES CORPORATION

EXHIBIT 20

To Our Shareholders:

Net income for the first quarter of 1992 was $.62 per share, the same as for the first quarter of 1991. Consolidated net income for the first three months of 1992 was $18,871,000 compared to $18,545,000 for 1991.

At March 31, 1992, total assets were $5,207,723,000, an increase of 7% over the $4,888,098,000 at March 31, 1991 and total stockholders' equity was $555,910,000, an increase of 10% over the comparable amount last year. For more detailed analyses of quarterly results, please see Management's Discussion on page 8.

Certain key ratios measure earnings and financial strength. The annualized return on average total assets was 1.5% and the annualized return on average equity was 13.8% for the quarter. Average equity to average total assets was 10.8%. The allowance for loan losses was 2.0% of total loans at the end of the quarter.

H. Furlong Baldwin
Chairman of the Board

Two Hopkins Plaza/P.O. Box 1477/Baltimore, Maryland 21203/(410)237-5900

CONTENTS

Principal Affiliates	2	Notes to Consolidated Financial Statements	7
Consolidated Financial Summary	3	Management's Discussion and Analysis of Financial Condition and Results of Operations	8
Consolidated Balance Sheets	4	Executive Officers and Directors	10
Statement of Consolidated Income	5	Corporate Information	11
Statement of Consolidated Cash Flows	6		
Statement of Changes in Consolidated Stockholders' Equity	7		

PRINCIPAL AFFILIATES

1. THE ANNAPOLIS BANKING AND TRUST CO.

Robert E. Henel, Jr., President and CEO
Main Street & Church Circle
Annapolis, Md. 21401
410/268-3366

2. BALTIMORE TRUST CO.

Robert E. Dickerson, President and CEO
One West Church Street
Selbyville, De. 19975
302/436-8236

3. BANK OF SOUTHERN MARYLAND

Wesley E. Hughes, Jr., President and CEO
304 Charles Street
LaPlata, Md. 20646
301/934-1000

4. CALVERT BANK AND TRUST CO.

Harold J. Kahl, Chairman, President and CEO
Calvert Village Shopping Center
Prince Frederick, Md. 20678
410/535-3535

5. THE CHESTERTOWN BANK OF MARYLAND

R. Raymond Tarrach, President and CEO
211 High Street
Chestertown, Md. 21620
410/778-2400

6. THE CITIZENS NATIONAL BANK

Martin A. Sharpless, President and CEO
Fourth & Main Streets
Laurel, Md. 20707
301/725-3100

7. COUNTY BANKING & TRUST CO.

S. Dell Foxx, President and CEO
123 North Street
Elkton, Md. 21921
410/398-2800

8. THE EASTVILLE BANK

Robert L. Simpson, President and CEO
P.O. Box 7
Eastville, Va. 23347
804/678-5187

9. FARMERS & MERCHANTS BANK—EASTERN SHORE

H. B. Rew, Jr., President and CEO
25253 Lankford Highway
Onley, Va. 23418
804/787-4111

10. THE FIDELITY BANK

C. Joseph Cunningham, III, President and CEO
59 East Main Street
Frostburg, Md. 21532
301/689-1111

11. THE FIRST NATIONAL BANK OF ST. MARY'S

Joseph M. Gough, Jr., Chairman and CEO
5 East Park Avenue
Leonardtown, Md. 20650
301/475-8081

12. THE FOREST HILL STATE BANK

Paul E. Peak, President and CEO
130 South Bond Street
Bel Air, Md. 21014
410/838-6131

13. FREDERICKTOWN BANK & TRUST CO.

Robert E. Gearinger, President and CEO
30 North Market Street
Frederick, Md. 21701
301/662-8231

14. MERCANTILE-SAFE DEPOSIT AND TRUST CO.

H. Furlong Baldwin, Chairman and CEO
2 Hopkins Plaza
Baltimore, Md. 21201
410/237-5900

15. PENINSULA BANK

Hugh W. Mohler, President and CEO
11738 Somerset Avenue
Princess Anne, Md. 21853
410/651-2400

16. THE PEOPLES BANK OF MARYLAND

Jeffrey N. Heflebower, President and CEO
205 Market Street
Denton, Md. 21629
410/479-2600

17. POTOMAC VALLEY BANK

R. Dennis Homberg, President and CEO
702 Russell Avenue
Gaithersburg, Md. 20877
301/963-7600

18. ST. MICHAELS BANK

William W. Duncan, Jr., President and CEO
213 Talbot Street
St. Michaels, Md. 21663
410/745-5091

19. WESTMINSTER BANK AND TRUST CO.

Ferdinand A. Ruppel, Jr., President and CEO
71 East Main Street
Westminster, Md. 21157
410/848-9300

MERCANTILE MORTGAGE CORPORATION

Paul W. Parks, President and CEO
200 East Redwood Street
Baltimore, Md. 21202
410/347-8940

CONSOLIDATED FINANCIAL SUMMARY

(Dollars in thousands, except per share data)	*For the 3 Months Ended March 31,* 1992	1991	% Increase (Decrease)
OPERATING RESULTS			
Net interest income	**$53,216**	$50,539	5%
Net interest income–taxable equivalent	**54,188**	51,996	4
Provision for loan losses	**1,943**	1,587	22
Net income	**18,871**	18,545	2
PER COMMON SHARE DATA			
Net income	**$ .62**	$ .62	
Dividends paid	**.21½**	21½	
Book value at period end	**18.34**	16.81	9%
Market value at period end	**28¾**	24¾	16
Market range:			
High	**28¾**	25½	13
Low	**25½**	18¼	40
AVERAGE CONSOLIDATED BALANCE SHEETS			
Total loans	**$3,360,300**	$3,291,200	2%
Total earning assets	**4,800,100**	4,547,900	6
Total assets	**5,089,600**	4,822,600	6
Total deposits	**4,191,700**	3,951,900	6
Stockholders' equity	**551,400**	499,200	10
RATIOS (Net income annualized)			
Return on average assets	**1.49%**	1.56%	(4)%
Return on average equity	**13.76**	15.07	(9)
Average equity to average assets	**10.83**	10.35	5
Net interest rate spread–taxable equivalent	**3.52**	3.31	6
Effect of noninterest-bearing funds–taxable equivalent	**1.02**	1.33	(23)
Net interest margin on earning assets–taxable equivalent	**4.54**	4.64	(2)
Provision for loan losses (annualized) to period end loans	**.23**	.19	21
Net charge-offs (annualized) to period end loans	**.18**	.26	(31)
Non-performing loans to period end loans	**1.86**	1.40	33
Allowance for loan losses to period end loans	**1.95**	1.63	20
Allowance for loan losses to non-performing loans	**104.85**	116.62	(10)
Other real estate owned to period end loans and OREO	**.76**	.22	245
Non-performing assets to period end loans and OREO	**2.61**	1.61	62

See notes to consolidated financial statements

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)	*March 31, 1992*	*December 31, 1991*
ASSETS		
Cash and due from banks	**$ 213,704**	$ 201,037
Interest-bearing deposits in other banks	**850**	1,350
Investment securities—market value of $1,462,487 (1992) and $1,394,298 (1991)		
U.S. Treasury and government agencies	**1,419,914**	1,331,406
States and political subdivisions	**7,872**	8,845
Other investments	**4,578**	4,835
Total investment securities	**1,432,364**	1,345,086
Federal funds sold	**50,175**	60,525
Securities purchased under resale agreements		80,000
Loans	**3,394,723**	3,374,937
Less: allowance for loan losses	**(66,344)**	(65,932)
Loans, net	**3,328,379**	3,309,005
Bank premises and equipment, less accumulated depreciation of $50,317 (1992) and $50,111 (1991)	**64,485**	64,173
Other real estate owned	**25,911**	27,116
Excess cost over equity in affiliated banks, net	**21,971**	22,254
Other assets	**69,884**	72,310
Total assets	**$5,207,723**	$5,182,856
LIABILITIES		
Deposits:		
Noninterest-bearing deposits	**$ 776,105**	$ 801,562
Interest-bearing deposits	**3,514,701**	3,472,334
Total deposits	**4,290,806**	4,273,896
Short-term borrowings	**320,949**	331,809
Accrued expenses and other liabilities	**24,306**	18,443
Long-term debt	**15,752**	16,609
Total liabilities	**4,651,813**	4,640,757
STOCKHOLDERS' EQUITY		
Preferred stock, no par value; authorized 2,000,000 shares; issued and outstanding—None		
Common stock, $2 par value; authorized 67,000,000 shares; issued 30,315,217 shares in 1992 and 30,249,328 shares in 1991	**60,630**	60,499
Capital surplus	**52,126**	50,803
Retained earnings	**443,154**	430,797
Total stockholders' equity	**555,910**	542,099
Total liabilities and stockholders' equity	**$5,207,723**	$5,182,856

See notes to consolidated financial statements

STATEMENT OF CONSOLIDATED INCOME

(Dollars in thousands, except per share data)	*For the 3 Months Ended March 31,* 1992	1991
INTEREST INCOME		
Interest and fees on loans	$75,580	$84,582
Interest and dividends on investment securities:		
Taxable interest income	24,038	20,262
Tax-exempt interest income	139	246
Dividends	67	61
Other investment income	15	32
	24,259	20,601
Other interest income	712	4,170
Total interest income	100,551	109,353
INTEREST EXPENSE		
Interest on deposits	44,150	53,794
Interest on short-term borrowings	2,878	4,691
Interest on long-term debt	307	329
Total interest expense	47,335	58,814
NET INTEREST INCOME	53,216	50,539
Provision for loan losses	1,943	1,587
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	51,273	48,952
NONINTEREST INCOME		
Trust division services	9,407	8,759
Rental income	1,765	1,809
Service charges on deposit accounts	3,678	2,937
Other fees and commissions	4,143	3,162
Investment securities gains	200	
Other income	467	352
Total noninterest income	19,660	17,019
NONINTEREST EXPENSES		
Salaries	18,899	17,173
Employee benefits	5,146	4,255
Net occupancy expense of bank premises	3,601	3,538
Furniture and equipment expenses	2,935	2,789
Communications and supplies	2,152	2,054
FDIC insurance premium expense	2,457	2,063
Other expenses	5,678	4,771
Total noninterest expenses	40,868	36,643
Income before income taxes	30,265	29,328
Applicable income taxes	11,394	10,783
NET INCOME	$18,871	$18,545
NET INCOME PER SHARE OF COMMON STOCK *(2)*	$.62	$.62

See notes to consolidated financial statements

STATEMENT OF CONSOLIDATED CASH FLOWS

Decrease in cash and cash equivalents (Dollars in thousands)	*For the 3 Months Ended March 31,* 1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest and fees on loans	$ 77,266	$ 86,374
Interest and dividends on investment securities	21,373	18,110
Other interest income	794	5,016
Noninterest income	19,116	16,730
Interest paid	(49,209)	(59,159)
Noninterest expenses	(30,949)	(31,397)
Income taxes paid	(6,643)	(7,935)
Net cash provided by operating activities	31,748	27,739
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investment securities	217	
Proceeds from maturities of investment securities	72,864	86,937
Purchase of investment securities	(160,159)	(182,352)
Net increase in customer loans	(21,136)	(9,364)
Capital expenditures	(1,850)	(1,480)
Net cash used in investing activities	(110,064)	(106,259)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net decrease in noninterest-bearing deposits	(25,457)	(66,016)
Net increase in NOW and savings accounts	138,757	110,049
Net increase (decrease) in certificates of deposit	(96,390)	9,187
Net decrease in short-term borrowings	(10,860)	(71,647)
Repayment of long-term debt	(857)	(195)
Proceeds from issuance of shares	1,454	7,151
Dividends paid	(6,514)	(6,467)
Net cash provided by (used in) financing activities	133	(17,938)
Net decrease in cash and cash equivalents	(78,183)	(96,458)
Cash and cash equivalents at beginning of period	342,912	516,641
Cash and cash equivalents at end of period	$264,729	$420,183

Reconciliation of net income to net cash provided by operating activities (Dollars in thousands)	*For the 3 Months Ended March 31,* 1992	1991
Net income	$18,871	$18,545
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,612	1,585
Provision for loan losses	1,943	1,587
Write-down of other real estate owned	1,024	
Investment securities (gains)	(200)	
Amortization of excess cost over equity in affiliates	283	283
Increase in taxes payable	4,751	2,848
(Increase) decrease in interest receivable	(1,118)	147
Increase in other receivables	(344)	(289)
Decrease in other assets	3,814	4,070
Decrease in interest payable	(1,874)	(345)
Increase (decrease) in accrued expenses	2,986	(692)
Total adjustments	12,877	9,194
Net cash provided by operating activities	$31,748	$27,739

See notes to consolidated financial statements

STATEMENT OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(Dollars in thousands, except per share data)	Common Stock	Capital Surplus	Retained Earnings
BALANCE, DECEMBER 31, 1990	$59,429	$41,011	$386,171
Net income			18,545
Cash dividends paid:			
Common stock ($.21½ per share)			(6,467)
Issuance of 15,239 shares for dividend reinvestment and stock purchase plan	31	333	
Issuance of 3,583 shares for employee stock purchase dividend reinvestment plan	7	70	
Issuance of 360,712 shares for employee stock option plan	721	5,98[illegible]	
BALANCE, MARCH 31, 1991	$60,188	$47,403	$398,249
BALANCE, DECEMBER 31, 1991	$60,499	$50,803	$430,797
Net income			18,871
Cash dividends paid:			
Common stock ($.21½ per share)			(6,514)
Issuance of 16,436 shares for dividend reinvestment and stock purchase plan	33	419	
Issuance of 2,833 shares for employee stock purchase dividend reinvestment plan	5	70	
Issuance of 46,620 shares for employee stock option plan	93	834	
BALANCE, MARCH 31, 1992	**$60,630**	**$52,126**	**$443,154**

NOTES

1) The statements include the accounts of the Corporation and all of its affiliates, with all significant intercompany transactions eliminated, and in the opinion of management, include all adjustments necessary for a fair presentation of the results for the interim period. All such adjustments are of a normal recurring nature. In view of the changing conditions in the national economy, the effect of actions taken by regulatory authorities and normal seasonal factors, the results for the interim period are not necessarily indicative of annual performance.

2) Per share amounts are based on the weighted average number of common shares outstanding during the period or 30,289,160 shares for 1992 and 29,964,302 shares for 1991.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net income for the first quarter of 1992 was $.62 per share, the same as the first quarter of 1991. Per share amounts are based on the weighted average number of common shares outstanding of 30,289,160 for 1992 and 29,964,302 for 1991.

Net interest income for the first three months of 1992 was 5% higher than the amount for the comparable period in 1991 due to higher volumes of earning assets and to greater declines in interest paid than in interest earned. Total noninterest income increased by 16% while total noninterest expenses, excluding the provision for loan losses, for the first quarter of 1992 increased 11% over the comparable period in 1991.

The provision for loan losses for the first quarter of 1992 was $1,943,000 compared to $1,587,000 in the first quarter of 1991. The allowance for loan losses at March 31, 1992 was $66,344,000 or 1.95% of total loans outstanding. This compares with $53,972,000 or 1.63% at March 31, 1991 and $65,932,000 or 1.95% at December 31, 1991. Net charge-offs were $1,531,000 for the first quarter of 1992 and $2,086,000 for the comparable quarter in 1991. Non-performing loans totalled $63,278,000 or 1.86% of total loans at March 31, 1992 as compared to $46,282,000 or 1.40% as of March 31, 1991 and $59,627,000 or 1.77% of total loans as of December 31, 1991. Other real estate owned amounted to $25,911,000 at March 31, 1992 compared to $7,296,000 as of March 31, 1991 and $27,116,000 at December 31, 1991.

Average total deposits for the first three months were $4,191,700,000, up 6% over $3,951,900,000 for the comparable period in 1991. Average total loans for the first three months of 1992 were $3,360,300,000 which was 2% higher than in 1991.

ANALYSIS OF INTEREST RATES AND INTEREST DIFFERENTIALS

The following table presents the distribution of the average consolidated balance sheets, interest income/expense and annualized yields earned and rates paid through the first three months of the year.

(Dollars in thousands)	1992 Average Balance	1992 Income*/ Expense	1992 Yield*/ Rate	1991 Average Balance	1991 Income*/ Expense	1991 Yield* Rate
Earning assets						
Loans:						
Commercial	$1,012,200	$ 20,839	8.2%	$1,017,000	$ 24,956	10.0%
Mortgage and construction	1,560,600	36,590	9.4	1,446,400	37,711	10.6
Consumer	787,500	19,219	9.9	827,800	23,211	11.4
Total loans	3,360,300	76,448	9.2	3,291,200	85,878	10.6
Federal funds sold	56,800	615	4.4	45,800	723	6.4
Securities purchased under resale agreements	6,400	77	4.8	209,400	3,392	6.6
Securities:						
Taxable securities						
U.S. Treasury securities	1,356,200	23,900	7.1	962,300	19,905	8.4
U.S. Agency and other securities	6,500	138	8.5	17,000	357	8.5
Other stocks and bonds	4,700	109	9.3	5,700	117	8.3
Tax-exempt securities						
States and political subdivisions	8,300	216	10.5	13,900	383	11.2
Total securities	1,375,700	24,363	7.1	998,900	20,762	8.4
Interest-bearing deposits in other banks	900	20	8.9	2,600	55	8.6
Total earning assets	4,800,100	101,523	8.5	4,547,900	110,810	9.9
Cash and due from banks	175,900			172,300		
Bank premises and equipment, net	64,500			63,000		
Other assets	115,800			94,700		
Less: allowance for loan losses	(66,700)			(55,300)		
Total assets	$5,089,600			$4,822,600		
Interest-bearing liabilities						
Deposits:						
Savings deposits	$1,830,200	19,351	4.3	$1,412,600	18,518	5.3
Time deposits	1,662,700	24,799	6.0	1,882,200	35,276	7.6
Total interest-bearing deposits	3,492,900	44,150	5.1	3,294,800	53,794	6.6
Short-term borrowings	305,800	2,078	3.8	317,700	4,691	6.0
Long-term debt	15,900	307	7.8	17,200	329	7.8
Total interest-bearing funds	3,814,600	47,335	5.0	3,629,700	58,814	6.6
Noninterest-bearing deposits	698,800			657,100		
Other liabilities and accrued expenses	24,800			36,600		
Total liabilities	4,538,200			4,323,400		
Stockholders' equity	551,400			499,200		
Total liabilities and stockholders' equity	$5,089,600			$4,822,600		
Net interest income		$ 54,188			$ 51,996	
Net interest rate spread			3.5%			3.3%
Effect of noninterest-bearing funds			1.0			1.3
Net interest margin on earning assets			4.5%			4.6%
Taxable-equivalent adjustment included in:						
Loan income		$ 868			$ 1,296	
Investment securities income		104			161	
Total		$ 972			$ 1,457	

*Presented on a tax equivalent basis using the statutory federal corporate income tax rate of 34%.

MERCANTILE BANKSHARES CORPORATION

EXECUTIVE OFFICERS

H. Furlong Baldwin
Chairman of the Board and Chief Executive Officer

Douglas W. Dodge
Vice Chairman of the Board

Edward K. Dunn, Jr.
President

Kenneth A. Bourne, Jr.
Executive Vice President

Charles C. McGuire, Jr.
Senior Vice President and Treasurer

John A. O'Connor, Jr.
Senior Vice President and Secretary

Robert W. Johnson
Senior Vice President

O. James Talbott, II
Senior Vice President

Brian B. Topping
Vice President

DIRECTORS

H. Furlong Baldwin
Chairman of the Board and Chief Executive Officer of Mercantile Bankshares Corporation and Chairman of the Board and Chief Executive Officer of Mercantile-Safe Deposit and Trust Company

Thomas M. Bancroft, Jr.
Former Chairman of the Board and Chief Executive Officer of The New York Racing Association

Richard O. Berndt
Partner in law firm of Gallagher, Evelius & Jones

Douglas W. Dodge
Vice Chairman of the Board of Mercantile Bankshares Corporation and President and Chief Operating Officer of Mercantile-Safe Deposit and Trust Company

Edward K. Dunn, Jr.
President of Mercantile Bankshares Corporation and a Vice Chairman of the Board of Mercantile-Safe Deposit and Trust Company

B. Larry Jenkins
Chairman of the Board, President and Chief Executive Officer of Monumental Life Insurance Company and a Vice President of Aegon USA, Inc.

Robert D. Kunisch
Chairman of the Board, President and Chief Executive Officer of PHH Corporation

William J. McCarthy
Principal of William J. McCarthy, P.C., a Partner in the law firm of Venable, Baetjer and Howard

Morris W. Offit
Chairman of the Board and Chief Executive Officer of OFFITBANK

James M. O'Neill
Former General Manager, Baltimore Works, AT&T Technologies, Co., Inc.

Christian H. Poindexter
Vice Chairman of the Board of Baltimore Gas & Electric Company

William B. Potter
Chairman of the Board, President and Chief Executive Officer of Preston Corporation

William C. Richardson
President of The Johns Hopkins University

Bishop L. Robinson
Secretary of the Department of Public Safety and Correctional Services for the State of Maryland

Brian B. Topping
Vice President of Mercantile Bankshares Corporation and a Vice Chairman of the Board of Mercantile-Safe Deposit and Trust Company

Jay M. Wilson
President of Steeltin Can Corporation and related companies

Calman J. Zamoiski, Jr
President of Independent Distributors, Incorporated

CORPORATE INFORMATION

STRUCTURE/STRATEGY

Mercantile Bankshares Corporation is a multi-bank holding company with nineteen affiliate banks and a mortgage banking company. Each member bank operates as a community bank, with its own name, management, Board of Directors, and tradition of community service.

While operating as a community bank, with a high degree of local autonomy and community identification, each affiliate is able to offer the more sophisticated services and outstanding financial strength of a major banking organization.

Our announced policy, across the affiliate system, is to establish ongoing customer relationships founded on service, and to focus on those particular services we know how to perform well.

PERSONAL BANKING

The banking affiliates of Mercantile Bankshares Corporation have 142 retail banking offices providing personal banking services. Services include deposit vehicles such as checking accounts, NOW accounts, Money Market Deposit Accounts, Certificates of Deposit, and Individual Retirement Accounts. Loans are made to individuals to meet a variety of consumer needs.

CORPORATE BANKING

Each of the Corporation's affiliates pursues a commercial banking program serving local businesses. The primary corporate banking effort for medium and large companies is centered at Mercantile-Safe Deposit and Trust Company. Corporate banking services include the making of various types of commercial and real estate loans, accepting deposits, cash management and short-term money market investing.

TRUST AND INVESTMENT

The Trust Division of Mercantile Safe Deposit and Trust Company provides services to individuals, corporations and non-profit institutions. Services for individuals include investment management, estate settlement, living and testamentary trusts and custody of securities. Employee benefit plans, master and directed trusteeship and corporate financial services are provided to businesses. Endowment trusts are managed for non-profit institutions. The Trust Division is also investment advisor to M.S.D.&T. Funds, Inc., which provides a series of open-ended, no-load mutual funds available to clients of the Trust Division.

MORTGAGE BANKING

Through offices in Maryland and Delaware, Mercantile Mortgage Corporation generates and services real estate mortgage loans and construction loans, as principal and as agent. Residential and commercial real estate appraisals are offered through an appraisal subsidiary.

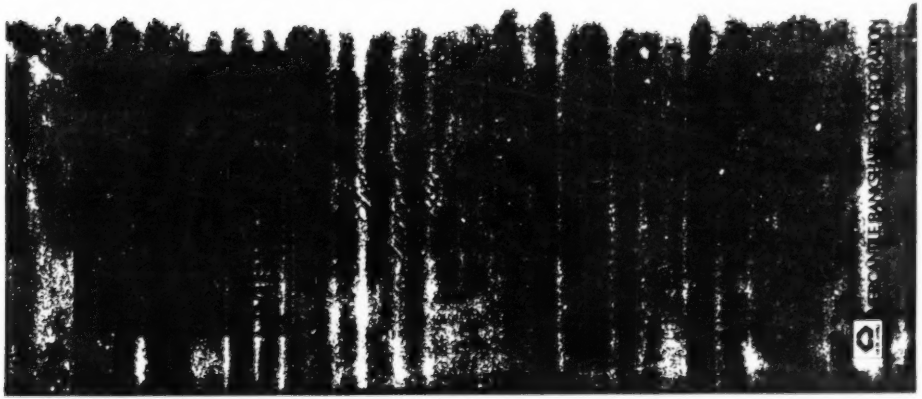
AUTOMATIC DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN:

Mercantile Bankshares Corporation offers its shareholders of common stock a Plan whereby they may automatically invest their cash dividends in Mercantile stock at a price which is 5% less than the market price on the dividend payment date. Plan participants may also make additional cash payments to purchase stock through the Plan at the market price. Mercantile Bankshares Corporation absorbs all fees and transaction costs.

Shareholders who wish to enroll in the Plan should contact the Corporation's Transfer Agent.

DIVIDEND DISBURSING AGENT AND TRANSFER AGENT FOR STOCK:

Mercantile-Safe Deposit and Trust Company
Corporate Trust Department
2 Hopkins Plaza, P.O. Box 2258
Baltimore, Maryland 21203
(410) 237-5211



MERCANTILE BANKSHARES
CORPORATION

2 Hopkins Plaza
P.O. Box 1477
Baltimore, Maryland 21203

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
BALTIMORE, MD.
PERMIT NO. 2209